

Message Text

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43

ACTION EA-14

INFO OCT-01 ISO-00 AID-20 CIAE-00 EB-11 FRB-02 INR-10

NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03 CIEP-02

LAB-06 SIL-01 OMB-01 IGA-02 DRC-01 /094 W

----- 033425

R 210440Z MAR 74

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 1373

INFO AMCONSUL MEDAN

AMCONSUL SURABAYA

USDOC

LIMITED OFFICIAL USE JAKARTA 3460

E.O. 11652: N/A

TAGS: ECON, EAID, ID

SUBJ: IMPLEMENTATION SUHARTO PRIBUMI POLICY

SUMMARY: EMBASSY HAS RECEIVED FIRST FORMAL EVIDENCE OF GOI ATTEMPT TO IMPLEMENT "PRIBUMI POLICY" ANNOUNCED BY PRESIDENT SOEHARTO FOLLOWING THE JANUARY RIOTS. MINISTRY OF PUBLIC WORKS AND POWER HAS REQUESTED EMBASSY BRING TO ATTENTION OF U.S. CONTRACTORS, CONSULTANTS AND SUPPLIERS TO THE MINISTRY A "CIRCULAR" WHICH "SUGGESTS" THAT SUCH COMPANIES WORK WITH "NATIVE DOMESTIC COMPANIES". CIRCULAR ALSO STATES THAT MINISTRY WILL INCLUDE EXTENT TO WHICH THIS "SUGGESTION" IS CARRIED OUT AS ONE OF ITS CRITERIA IN EVALUATING AND DECIDING TENDER AWARDS. CIRCULAR IS UNCLEAR AS TO PRECISE WAY IN WHICH MINISTRY WILL APPLY THIS CRITERIA, BUT IF IT MEANS THAT CONSULTANTS AND CONTRACTORS BEING FINANCED UNDER FOREIGN DONOR LOANS AND GRANTS MUST ASSOCIATE THEMSELVES WITH PRIBUMI IN ORDER TO BE ELIGIBLE TO WORK WITH MINISTRY OF PUBLIC WORKS AND POWER IT WOULD BE IN VIOLATION OF USAID, AND PROBABLY OTHER FOREIGN DONOR, PROCUREMENT POLICIES. EMBASSY AND USAID WILL ATTEMPT CLARIFY SITUATION.

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TRANSMITTAL LETTER AND CIRCULAR BEING POUCHED.

END SUMMARY.

1. EMBASSY RECEIVED MARCH 7, MIMEOGRAPHED LETTER DATED MARCH 2 ADDRESSED "COMMERCIAL ATTACHE" FROM CHIEF LOGISTICS BUREAU, SECRETARIET GENERAL, MINISTRY OF PUBLIC WORKS AND POWER. LETTER TRANSMITTED 10 COPIES OF FORMAL "CIRCULAR" DATED FEBRUARY 26 ADDRESSED TO "OVERSEAS/FOREIGN SUPPLIERS, CONTRACTORS AND CONSULTANTS OF MINISTRY OF PUBLIC WORKS AND POWER". TRANSMITTAL STATES IN PART "IN VIEW OF THE SIGNIFICANCE OF THE CIRCULAR CONTENTS WHICH DEAL WITH THE ENFORCEMENT OF OUR GOVERNMENT POLICY ON PURCHASE FROM OVERSEAS SOURCES WE KINDLY REQUEST YOUR ASSISTANCE TO DISTRIBUTE THESE COPIES TO SUPPLIERS/CONTRACTORS AND CONSULTANTS WITHIN THE COUNTRY UNDER YOUR REPRESENTATION". LETTER ALSO INDICATES THAT MINISTRY BELIEVES IT IMPORTANT THAT CIRCULAR REACH THOSE SUPPLIERS/CONTRACTORS AND CONSULTANTS WHICH HAVE OR HAVE HAD "BUSINESS RELATIONS" WITH MINISTRY OF PUBLIC WORKS AND POWER" UNDER PROJECT AID AS WELL AS ANY OTHER INTERNATIONAL CREDIT AGENCY..."

2. CIRCULAR 05/SE/1974 ADDRESSED TO "OVERSEAS/FOREIGN

SUPPLIERS, CONTRACTORS AND CONSULTANTS OF THE MINISTRY OF PUBLIC WORKS AND POWER" READS AS FOLLOWS:

1) IN THE FRAME OF ENFORCING THE GOVERNMENT POLICY TO GIVE AN OPPORTUNITY FOR WIDER PARTICIPATION TO NATIVE DOMESTIC COMPANIES IN THE 2ND FIVE YEAR DEVELOPMENT (PELITA-II), IT IS HEREBY SUGGESTED TO OVERSEAS/FOREIGN SUPPLIERS, CONTRACTORS AND CONSULTANTS OF THE MINISTRY OF PUBLIC WORKS AND POWER TO COOPERATE WITH NATIVE DOMESTIC COMPANIES IN THEIR BUSINESS.

2) IN THIS CONNECTION, THE EVALUATION AS WELL AS DECISION ON AWARDS MADE IN TENDERS TO BE HELD BY THE MINISTRY OF PUBLIC WORKS AND POWER WILL ALSO TAKE INTO CONSIDERATION THE FULFILLMENT OF THE ABOVE SUGGESTION
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BY THE PARTIES CONCERNED.

3) IT IS VERY MUCH HOPED THAT DUE ATTENTION HERETO WILL BE GIVEN BY THE SUPPLIERS, CONTRACTORS, AND CONSULTANTS OF THE MINISTRY OF PUBLIC WORKS AND POWER.

3. COMMENT: THIS IS FIRST CONCRETE ACTION IN FORM OF GOVERNMENT INSTRUCTION TO IMPLEMENT PRIBUMI POLICY

STATEMENT OF PRESIDENT SUHARTO THAT WE HAVE SEEN. UK AND AUSTRALIAN EMBASSIES AND IBRD HAVE ALSO RECEIVED LETTER AND CIRCULAR AND WE THUS ASSUME ALL OTHER EMBASSIES WHOSE GOVERNMENTS PROVIDE ECONOMIC ASSISTANCE AND INTERNATIONAL ASSISTANCE BODIES HAVE ALSO RECEIVED IT.

4. CIRCULAR WORDING IS AMBIGUOUS AS TO HOW GOI PRIBUMI POLICY WILL ACTUALLY BE APPLIED. IF CIRCULAR MEANS THAT CONSULTANTS/CONTRACTORS BEING FINANCED UNDER FOREIGN DONOR LOANS AND GRANTS MUST ASSOCIATE THEMSELVES WITH PRIBUMI IN ORDER TO BE ELIGIBLE TO WORK IN INDONESIA USAID AND PROBABLY OTHER FOREIGN DONOR PROCUREMENT POLICIES WOULD BE VIOLATED. ONE SUCH EXAMPLE AROSE EVEN BEFORE THE MARCH 7 CORRESPONDENCE, AND INVOLVED A GOI REQUEST TO USAID THAT THE CONSTRUCTION CONTRACTOR FOR THE PROPOSED JIRANGUNG DAM AND FLOOD CONTROL PROJECT BE LIMITED TO INDONESIAN/US JOINT VENTURES WITH THE INDONESIAN PARTNER HAVING THE RIGHT TO SELECT HIS OWN AMERICAN PARTNER AND THE JOINT VENTURE BEING AS QUOTE STRONGLY INDONESIAN AS POSSIBLE UNQUOTE. USAID AND AID/W ARE CURRENTLY STUDYING THIS REQUEST.

5. EMBASSY AND USAID WILL ATTEMPT TO CLARIFY MINISTRY'S NOTICE REGARDING ACTUAL IMPLEMENTATION. COPIES OF TRANSMITTAL LETTER AND CIRCULAR BEING POUCHED.
NEWSOM

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, ECONOMIC ASSISTANCE, ECONOMIC CONTROLS, CONSULTANTS, CONTRACTS
Control Number: n/a
Copy: SINGLE
Draft Date: 21 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974JAKART03460
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740059-1025
From: JAKARTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740326/aaaaaymn.tel
Line Count: 142
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
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Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 24 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 JUL 2002 by shawdg>; APPROVED <29 JUL 2002 by morefirh>
Review Markings:

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US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
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Review Withdrawn Fields: n/a
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Subject: IMPLEMENTATION SUHARTO PRIBUMI POLICY SUMMARY: EMBASSY HAS RECEIVED FIRST FORMAL EVIDENCE OF
TAGS: ECON, EAID, ID, US, (SUHARTO)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005